

UNITED STATES DISTRICT COURT
FOR THE
SOUTHERN DISTRICT OF NEW YORK

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LISA VIONI and :
HEDGE CONNECTION INC., :
: Plaintiff, : Civil Action No.
: : 08-cv-02950(PAC)
v. :
: AMERICAN CAPITAL STRATEGIES, LTD., :
PROVIDENCE INVESTMENT MANAGEMENT, LLC, : JURY TRIAL DEMANDED
PROVIDENCE INVESTMENT PARTNERS, LLC, :
And RUSSELL JEFFREY, :
: Defendants. :
-----X

DECLARATION OF MICHAEL Q. CAREY

MICHAEL Q. CAREY, declares, under penalty of perjury:

1. Carey & Associates LLC is the attorney for the plaintiffs in the above-captioned action and I make this Declaration in opposition to defendants' motion to dismiss the Amended Complaint.

2. Attached is an annotated copy of Exhibit G to the Declaration of Stewart D. Aaron, executed June 24, 2008.

I declare, under penalty of perjury, pursuant to 28 U.S.C. § 1746 and SDNY Local Rule 1.10, that the forgoing is true and correct.

Executed on September 5, 2008

/s/ MICHAEL Q. CAREY
Michael Q. Carey
Carey & Associates LLC
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mqc@CareyLitigation.com

Follow up to phone call

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From: Grunewald, Bob
Sent: Tuesday, July 17, 2007 9:28 PM
To: Lisa Vioni
Cc: Russ Jeffrey
Subject: RE: Follow up to phone call

Lisa,

c)

g)

f)

a)

e)

d)

b)

We should talk Thursday given my travel schedule. However, ACAS does not pay fees other than those for a retained search for the introduction of employees. I also do not expect to pay any fee for capital that ACAS invests as an LP. As Russ will confirm for you, we have no interest in making LP investments other than as a means of facilitating the generation of 3rd party capital. We do however believe we can generate value for our shareholders as we develop asset management businesses where we are paid fees for managing 3rd party capital. Your introduction of Russ puts us on the verge of creating a fund where we will need to raise this capital. I would propose that this introduction should give you a right of first refusal to help us raise this capital on terms consistent with those our treasury dept would otherwise receive. I will defer to Russ to delineate between capital that he has already circled and capital introductions that you have or will make. I am hopeful that the meeting on the 25th will provide the venue for a broader relationship with you beyond this one transaction.

From: Lisa Vioni [mailto:lvioni@hedgeconnection.com]
Sent: Tuesday, July 17, 2007 8:24 PM
To: Grunewald, Bob
Subject: Follow up to phone call

Bob,

I left a message for you earlier. I know you are traveling so in the interest of time, I have outlined what industry standard would be as payment for the deal you are about to close with PIM. I see payment as two different things:

1. Marketing fees for PIM's new funds: The marketing fees for the new funds get paid out of the PIM Fund's P&L. So if ACAS pays 2% and 20% on the money they invest into the fund, then PIM would pass some percentage of the management fee to the marketing person responsible for the introduction each year that the money is in the fund. Since you have not described to me the fee structure that you have finalized with Russ, I can not be more specific. But this is normal industry standard. Russ knows this and should have no problem carving my fee out of the fees he receives.

2. ACAS fee: I have introduced a key team of executives that are joining ACAS. A department is being developed and ACAS will have access to this group and all of the opportunities including but not limited to their expertise and potential investor introductions (like the potential investment from the RI treasurer). The fee that you pay for this service is one that you are probably more familiar with. Whatever you traditionally pay for this type of service is what I would accept.

I would like to get some outline from you and/or Russ before I make a presentation to ACAS on July 25th about working together. I think it is prudent business practice for all of us to be on the same page before moving forward with any other strategic partnerships. Also, it would be helpful if you could outline for me what ACAS' expectation is for paying the new marketing platform. Like everything else, there is an industry

Follow up to phone call

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standard for how internal marketing people get compensated. It typically is based on a combination of salary, commission and bonus. When possible, it may also include ownership in the firm.

Please call to discuss.

Best,

Lisa Vloni
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